

106TH CONGRESS  
2D SESSION

# S. 2290

To amend the Internal Revenue Code of 1986 to clarify the definition of contribution in aid of construction.

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IN THE SENATE OF THE UNITED STATES

MARCH 23, 2000

Mr. GRASSLEY (for himself and Mr. REID) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify the definition of contribution in aid of construction.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. CLARIFICATION OF CONTRIBUTION IN AID OF**  
4       **CONSTRUCTION.**

5       (a) IN GENERAL.—Subparagraph (A) of section  
6       118(c)(3) of the Internal Revenue Code of 1986 (relating  
7       to definitions) is amended to read as follows:

8               “(A) CONTRIBUTION IN AID OF CONSTRUC-  
9               TION.—The term ‘contribution in aid of con-  
10              struction’ shall be defined by regulations pre-

1 scribed by the Secretary, except that such  
2 term—

3 “(i) shall include amounts paid as  
4 customer connection fees (including  
5 amounts paid to connect the customer’s  
6 line to or extend a main water or sewer  
7 line), and

8 “(ii) shall not include amounts paid as  
9 service charges for starting or stopping  
10 services.”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 subsection (a) shall take effect as if included in the  
13 amendments made by section 1613(a) of the Small Busi-  
14 ness Job Protection Act of 1996.

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